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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

OFFICE OF GENERAL COUNSEL

MAR 18 1981

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Angela Favaloro
President
Sun Arrow Travel
Suite 215
2001 Wisconsin Avenue, N.W.
Washington, D.C. 20007

Dear Ms. Favaloro:

On February 26, 1981, we received your memo referring to an article in Travel Weekly dated February 7, 1980, which contains your comments on our position concerning the prohibition against the use of commercial travel agents for Government travel. Specifically, you dispute our position that it is more economic and efficient for Government employees to get airline tickets directly from airlines.

There are several reasons for our prohibition against the use of travel agents to procure official Government travel. When we consider costs to the Government of the use of travel agents, we are not concerned just with the cost of a ticket, but to more general Government-wide cost and efficiency matters. For example, the use of hundreds of travel agents, instead of the existing system of working with a comparatively limited number of carriers, creates a serious burden on the General Services Administration which has the responsibility to audit travel bills and this could result in increased audit costs. Also, travel agents may be unfamiliar with statutes and regulations concerning Government travel and this could render enforcement of the law more difficult. Potential problems including how to allocate business, implementing a procedure for collecting refunds, and ascertaining the capability and financial responsibility of individual agents are also matters which could involve increased administrative costs to the Government.

6/6/01

You state that we apparently do not understand that an agent's commission is built into the price of the airplane ticket and that whether the traveler buys his ticket directly from the airline or from the travel agent, he pays the same fare. We certainly are aware of this; however two points should be made in this connection. One is that there is an Air Traffic Conference Sales Agency Agreement between the airline carriers and the agents which prohibits a travel agent from receiving a commission for Government travel. Although the Civil Aeronautics Board is reviewing this agreement with the intent of modifying or eliminating it, while this prohibition exists, a travel agent would not be able to obtain any commission on Government travel. Furthermore, we agree with the House Committee on Appropriations which has noted that notwithstanding that the commission is currently built into the ticket price, "it seems logical that the payment of commissions on official Government travel will to some extent be reflected in higher air fares." Report of Committee on Appropriations, Department of Defense Appropriation Bill, 1980. H.R. No. 96-450, p. 166, September 20, 1979.

Thus, we are concerned that the use of travel agents not increase Government-wide travel costs. In order to determine whether our views concerning the cost effectiveness of travel agent use continue to be valid, we issued a circular letter, dated August 20, 1979 (copy enclosed), to the heads of all Government agencies and departments stating our willingness to lift the ban for individual agencies on the basis of analyses that adequately demonstrate economies to be achieved or to allow tests of the use of travel agents for the purpose of demonstrating whether savings and efficiencies will result in a more efficient and less costly travel operation. In this way, we expect that travel agents will now have the opportunity to participate in the Government travel market and to demonstrate that use of travel agents will be beneficial to the Government. Therefore, an agency can consider the use of travel agents and submit a plan to GAO requesting an exemption from our prohibition. We have granted exemptions for 1-year tests of travel agent use to the Department of Labor, the Department of State, the National Credit Union Administration, and the Department of Defense.

Sincerely yours,

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Harry R. Van Cleve
Acting General Counsel

Enclosure